

HOUSE BILL 1034

Q3

6lr1890

By: **Delegates Platt, Buckel, Carr, Hayes, Kipke, Luedtke, Moon, Pena–Melnyk, and Smith**

Introduced and read first time: February 11, 2016

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Job Creation Tax Credit – Long–Term Unemployed Individuals**

3 FOR the purpose of allowing a qualified business entity to claim a credit against the State
4 income tax for employing certain long–term unemployed qualified employees during
5 a certain period; providing that the credit may not exceed a certain amount; defining
6 a certain term; providing for the application of this Act; and generally relating to a
7 certain income tax credit for job creation.

8 BY repealing and reenacting, with amendments,
9 Article – Economic Development
10 Section 6–301 and 6–304(b)
11 Annotated Code of Maryland
12 (2008 Volume and 2015 Supplement)

13 BY repealing and reenacting, without amendments,
14 Article – Economic Development
15 Section 6–304(a)
16 Annotated Code of Maryland
17 (2008 Volume and 2015 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Tax – General
20 Section 10–704.4
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2015 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24 That the Laws of Maryland read as follows:

25 **Article – Economic Development**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 6–301.

2 (a) In this subtitle the following words have the meanings indicated.

3 (b) “Credit year” means the taxable year in which a qualified business entity
4 claims the credit allowed in accordance with § 6–304(a) of this subtitle.

5 (c) **“LONG–TERM UNEMPLOYED” MEANS AN INDIVIDUAL WHO HAS BEEN**
6 **UNEMPLOYED FOR AT LEAST 1 YEAR IMMEDIATELY BEFORE BEING EMPLOYED BY A**
7 **QUALIFIED BUSINESS ENTITY.**

8 [(c)] (D) (1) “Qualified business entity” means a person conducting or
9 operating a trade or business in the State that is certified in accordance with § 6–303 of
10 this subtitle as qualifying for the tax credit under this subtitle.

11 (2) For a person engaged in a business activity described in
12 § 6–303(b)(2)(xiii) of this subtitle, “qualified business entity”:

13 (i) includes a person owning or operating the multi–use facility in
14 which the entertainment, recreation, cultural, or tourism–related activities are operated;
15 and

16 (ii) does not include any separate entity that leases retail space at
17 the facility.

18 [(d)] (E) (1) “Qualified position” means a position that:

19 (i) is full–time and of indefinite duration;

20 (ii) pays at least 150% of the federal minimum wage;

21 (iii) is located in the State;

22 (iv) is newly created as a result of the establishment or expansion of
23 a business facility in a single location in the State; and

24 (v) is filled.

25 (2) “Qualified position” does not include a position that is:

26 (i) created when an employment function is shifted from an existing
27 business facility of a business entity in the State to another business facility of the same
28 business entity if the position is not a net new job in the State;

29 (ii) created through a change in ownership of a trade or business;

1 (iii) created through a consolidation, merger, or restructuring of a
2 business entity if the position is not a net new job in the State;

3 (iv) created when an employment function is contractually shifted
4 from an existing business entity to another business entity in the State if the position is
5 not a net new job in the State; or

6 (v) filled for a period of less than 12 months.

7 (3) For a person engaged in a business activity described in
8 § 6–303(b)(2)(xiii) of this subtitle, “qualified position” does not include any position other
9 than a position engaged in:

10 (i) the operation of entertainment, recreation, cultural, or
11 tourism–related activities within the multi–use facility; or

12 (ii) management, marketing, building maintenance, hotel services,
13 or security for the multi–use facility.

14 **[(e)] (F)** “Revitalization area” means:

15 (1) an enterprise zone designated by the Secretary under § 5–704 of this
16 article;

17 (2) an enterprise zone designated by the United States government under
18 42 U.S.C. §§ 11501 through 11505;

19 (3) an empowerment zone or enterprise community designated by the
20 United States government under 26 U.S.C. §§ 1391 through 1397F; or

21 (4) a sustainable community, as defined in § 6–301 of the Housing and
22 Community Development Article.

23 **[(f)] (G)** “State priority funding area” means:

24 (1) a municipal corporation;

25 (2) Baltimore City;

26 (3) a sustainable community, as defined in § 6–301 of the Housing and
27 Community Development Article;

28 (4) an enterprise zone designated by the Secretary under § 5–704 of this
29 article;

1 (5) an enterprise zone designated by the United States government under
2 42 U.S.C. §§ 11501 through 11505;

3 (6) those areas of the State located between Interstate Highway 495 and
4 the District of Columbia;

5 (7) those areas of the State located between Interstate Highway 695 and
6 Baltimore City;

7 (8) no more than one area in a county designated by the county as a priority
8 funding area under § 5-7B-03(c) of the State Finance and Procurement Article; and

9 (9) that portion of the Port Land Use Development Zone, as defined in
10 § 6-501 of the Transportation Article, that has been designated as an area appropriate for
11 growth in a county comprehensive master plan.

12 6-304.

13 (a) (1) A qualified business entity may claim a tax credit in the amount
14 determined under this section.

15 (2) A qualified business entity shall submit to the appropriate State units,
16 with the tax return on which the credit is claimed, certification from the Department that
17 the business entity has met the requirements of this subtitle and is eligible for the credit.

18 (b) (1) Except as provided in this section, the credit earned under this section:

19 (i) for qualified employees working in a facility not located in a
20 revitalization area, is the lesser of:

21 1. \$1,000 multiplied by the number of qualified employees
22 employed by the qualified business entity during the credit year; and

23 2. 2.5% of the wages paid by the qualified business entity
24 during the credit year to the qualified employees; [and]

25 (ii) for qualified employees working in a facility located in a
26 revitalization area, is the lesser of:

27 1. \$1,500 multiplied by the number of qualified employees
28 employed by the qualified business entity during the credit year; and

29 2. 5% of the wages paid by the qualified business entity
30 during the credit year to the qualified employees[.];

1 **(III) FOR LONG-TERM UNEMPLOYED QUALIFIED EMPLOYEES**
2 **WORKING IN A FACILITY NOT LOCATED IN A REVITALIZATION AREA, IS THE LESSER**
3 **OF:**

4 **1. \$2,000 MULTIPLIED BY THE NUMBER OF QUALIFIED**
5 **EMPLOYEES EMPLOYED BY THE QUALIFIED BUSINESS ENTITY DURING THE CREDIT**
6 **YEAR; AND**

7 **2. 2.5% OF THE WAGES PAID BY THE QUALIFIED**
8 **BUSINESS ENTITY DURING THE CREDIT YEAR TO THE QUALIFIED EMPLOYEES; AND**

9 **(IV) FOR LONG-TERM UNEMPLOYED QUALIFIED EMPLOYEES**
10 **WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA, IS THE LESSER OF:**

11 **1. \$2,500 MULTIPLIED BY THE NUMBER OF QUALIFIED**
12 **EMPLOYEES EMPLOYED BY THE QUALIFIED BUSINESS ENTITY DURING THE CREDIT**
13 **YEAR; AND**

14 **2. 5% OF THE WAGES PAID BY THE QUALIFIED BUSINESS**
15 **ENTITY DURING THE CREDIT YEAR TO THE QUALIFIED EMPLOYEES.**

16 (2) The credit earned by a qualified business entity under this subtitle may
17 not exceed \$1,000,000 for any credit year.

18 **Article – Tax – General**

19 10-704.4.

20 An individual or a corporation may claim a credit against the income tax for wages
21 paid to qualified employees as provided under Title 6, Subtitle 3 of the Economic
22 Development Article.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.